



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

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Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

September 10, 2003

Robert C. Kirk
Financial Manager
State Treasurer
215 State Capitol
Salt Lake City, Utah 84114-0000

Re: Request for Release of Funds, Reclamation Bond Forfeiture, Zions Bank Escrow Account, Magnesium Corporation of America (MagCorp), Rowley/Stansbury Basin Mine, M/045/008, Tooele County, Utah

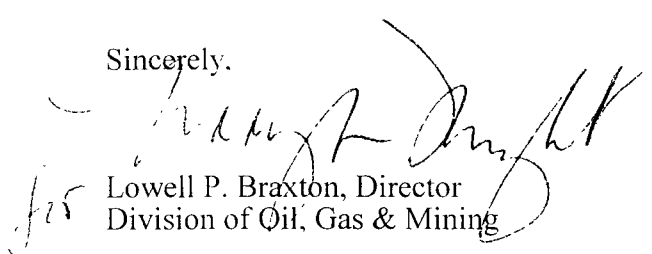
Dear Mr. Kirk:

On July 10, 2003, the Division and US Magnesium LLC (previously MagCorp) entered into an agreement for the voluntary surrender of a reclamation surety being held by the State Treasurer on behalf of the Division (copy attached). In 1990, we filed a \$15,278 surety (corporate check) with your office. It is our understanding that an Escrow Account with Zions Bank (Account No. #) was established and has been maintained since that time.

Pursuant to the conditions and authorization given to this Division under the Surrender Agreement, we hereby direct your office to close out this account. Please transfer the current balance of accrued funds by issuing a check made out to the Division of Oil, Gas and Mining. Our Accounting section will subsequently deposit these funds in a new account that can be periodically drawn upon to complete the required reclamation of the pertinent mine site disturbances.

Thank you for your help in this regard. If you have any questions in fulfilling this request, please contact me at (801) 538-5370, or Mary Ann Wright, Associate Director of Mining at (801) 538-5306.

Sincerely,


for Lowell P. Braxton, Director
Division of Oil, Gas & Mining

LPB.DWH:jb

Enclosures June 4, 1990 letter of initial deposit
July 10, 2003 Surrender Agreement

cc: Mary Ann Wright, Associate Director
Steve Alder, AAG
Wayne Hedberg, OGM

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EDWARD T. ALTER
STATE TREASURER

STATE OF UTAH

OFFICE OF THE STATE TREASURER

SALT LAKE CITY, UTAH 84114

215 STATE CAPITOL
(801) 538-1042

LARRY W. RICHARDSON
CHIEF DEPUTY STATE TREASURER

CHRISTINE M. BRANDT
STATE INVESTMENT OFFICER

JUN 08 1990
OIL, GAS & MINING
JUN 11 1990
UVE

June 4, 1990

Mr. Lowell P. Braxton, Associate Director
Division of Oil, Gas, & Mining
355 West North Temple
Salt Lake City, Utah 84180

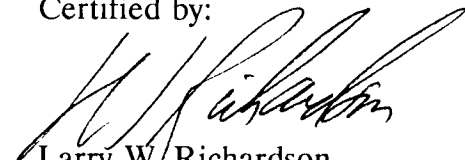
Dear Mr. Braxton:

I hereby certify that Magnesium Corporation of America has deposited with the State Treasurer cash or securities valued at \$15,278.08, and described as follows:

Zions First National Bank Trust Account #

The above described securities have been deposited as a Reclamation Surety as required by Section 41-12A-301 Utah Code Annotated, and will be held by the State Treasurer until release is requested by the Division of Oil, Gas, and Mining.

Certified by:


Larry W. Richardson
Chief Deputy State Treasurer

100544

AGREEMENT BETWEEN
UTAH DIVISION OF OIL, GAS & MINING AND US MAGNESIUM, LLC
for the
VOLUNTARY SURRENDER of the PRE-TRANSFER RECLAMATION SURETY

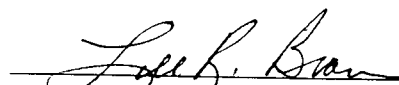
STATEMENT OF FACTS:

1. US Magnesium, LLC (US Mag) is the owner and operator of the Stansbury/Rowley Mine (Site), M/045/008, located in Tooele County, Utah.
2. US Mag has agreed, under "Stipulation and Order Between Magnesium Corporation of America and Utah Department of Natural Resources Regarding, Among Other Things, Assignment of Executory Contracts" (Stipulation), dated June 17, 2002, to reclaim Oolitic Sands and Borrow Areas at the Site, identified on the attached Exhibit A (1-3), in accordance with applicable laws and regulations. (See Stipulation attached as Exhibit B)
3. Utah Division of Oil, Gas and Mining (UDOGM) currently holds a cash performance bond of approximately \$15,279 plus interest, pledged to insure Site reclamation for the Oolitic Sands and Borrow Areas (Pre-transfer Surety).

TERMS OF AGREEMENT:

1. US Mag agrees to voluntarily surrender the Pre-transfer Surety to UDOGM and to execute all documents and releases necessary to provide UDOGM with the Pre-transfer Surety funds.
2. UDOGM agrees that completion of the grading and seed bed preparation of the Oolitic Sands and Borrow Areas by US Mag, of the areas identified, plus the voluntary surrender of the Pre-transfer Surety to UDOGM, shall constitute full and final satisfaction of the US Mag obligation for reclamation of the Oolitic Sands and Borrow Areas under the Utah Mined Land Reclamation Act and resulting rules and under the Stipulation. Within two weeks of US Mag's completion of the grading, and seedbed preparation, UDOGM shall provide US Mag with written confirmation that it has fulfilled, and is fully released from its obligations under this Agreement, the Stipulation, and the Utah Mined Land Reclamation Act and rules.
3. UDOGM agrees to use the funds from the Pre-transfer Surety to manage and complete the seeding and revegetation of the Oolitic Sands and Borrow Areas.

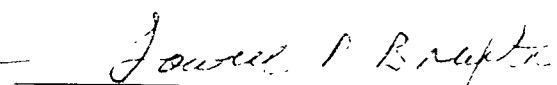
Agreed to this 10th day of July, 2003.



Lee R. Brown, Vice President

US Magnesium, LLC

Taxpayer ID #: 01-1105446



Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining

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JUL 21 2003

DIV OF OIL GAS & MINING

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